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SUBJECT: LABOUR HAS DOMINATED THE STAGE, BUT NOT THE POLLS

¶1. (SBU) For the past month, Labour has dominated the stage and the headlines in New Zealand: talk of prospective tax cuts; a refusal to authorize sale of Auckland Airport shared to a Canadian investor; the Beijing signing of the FTA; and then the Party Congress. After all of that the One News-Colmar Brunton poll (New Zealand's most prominent) did not make for pleasant reading at Labour Party HQ. It showed that National (54% - up four points) had edged further ahead of Labour which remained steady at 35%. National's leader, John Key maintained his comfortable margin over Prime Minister Helen Clark as the nation's preferred leader 35% to 29% respectively.

¶2. (SBU) The explanation may lie in a vortex of negativity that has afflicted Labour since PM Clark signed the FTA with China - first there were calls not to sign because of the Tibet protests, and then Foreign Minister Winston Peters refused to accept that the landmark deal was foreign policy and said he would not support this effort of Labour trade policy. The party Congress, which focused on organizing the party for the upcoming election, the following weekend proved to be a PR disaster. Media coverage of the Labour Party Congress was dominated by protests outside the venue, accusations of a furtive planned circumvention of campaign spending rules endorsed by Labour's beleaguered President Mike Williams, and a derisive political song parody delivered by Labour MPs mocking Key, all of which turned off viewers and cast a pall over Labour.

¶3. (SBU) At first it appeared that Labour could take solace in a 3 News-TNS poll because it showed that not only had National lost 3 points lower not to 48%, but Labour gained 3 points up now to 38%. Labour could have taken further comfort from the poll's finding that Clark's gained 4 points in personal voting to bring her to 32%, whereas Key dropped 6 points to 29%. However, we have learned that the 3 News-TNS poll was conducted before the controversial Labour Party Congress, which may explain its more favorable results.

¶4. (SBU) Comment. Many media pundits have been increasingly critical of National and John Key for letting Labour dominate the agenda, but National may be wondering whether it would not be smarter to allow Labour to continue defeating itself. End Comment.

Keegan